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Health And Welfare Trust Fund for Northern California, et al.

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

OPERATING ENGINEERS' HEALTH AND
WELFARE TRUST FUND FOR NORTHERN
CALIFORNIA; RUSSELL E. BURNS and JAMES
E. MURRAY, Trustees;

PENSION TRUST FUND FOR OPERATING
ENGINEERS; RUSSELL E. BURNS and JAMES E.
MURRAY, Trustees;

PENSIONED OPERATING ENGINEERS'
HEALTH AND WELFARE TRUST FUND;
RUSSELL E. BURNS and JAMES E. MURRAY,
Trustees;

OPERATING ENGINEERS AND PARTICIPATING
EMPLOYERS PRE-APPRENTICE, APPRENTICE
AND JOURNEYMEN AFFIRMATIVE ACTION
TRAINING FUND; RUSSELL E. BURNS and
JAMES E. MURRAY, Trustees;

OPERATING ENGINEERS LOCAL UNION NO. 3
VACATION, HOLIDAY AND SICK PAY TRUST
FUND; RUSSELL E. BURNS and JAMES E.
MURRAY, Trustees;

HEAVY AND HIGHWAY COMMITTEE; and

OPERATING ENGINEERS LOCAL 3 OF THE
INTERNATIONAL UNION OF OPERATING
ENGINEERS, AFL-CIO,

Plaintiffs,

v.

Case No.

COMPLAINT

VALVERDE CONSTRUCTION, INC., a California Corporation

Defendant.

Parties

1. The Operating Engineers' Health and Welfare Trust Fund for Northern California (which includes the Addiction Recovery Program, Inc.) ("Health Fund"); Pension Trust Fund for Operating Engineers (which includes the Pension Plan for the Pension Trust Fund for Operating Engineers, the Rehabilitation Plan, and the Operating Engineers Annuity Plan) ("Pension Plan"); Pensioned Operating Engineers' Health and Welfare Trust Fund ("Pensioned Health Fund"); Operating Engineers and Participating Employers Pre-apprentice, Apprentice and Journeymen Affirmative Action Training Fund ("Affirmative Action Training Fund"); and the Operating Engineers Local Union No. 3 Vacation, Holiday and Sick Pay Trust Fund ("Vacation Fund") (collectively referred to hereinafter as the "Trust Funds"), are employee benefit plans as defined in the Employee Retirement Income Security Act of 1974 ("ERISA") § 3(3), 29 U.S.C. § 1002(3). Russell E. Burns and James E. Murray are Co-Chairmen of the Joint Boards of Trustees of the Health Fund, Pension Fund, Pensioned Health Fund, and Affirmative Action Training Fund and have authority to act on behalf of all Trustees of those Funds. Russell E. Burns and James E. Murray are Co-Chairmen of the Joint Boards of Trustees of the Vacation Fund and have authority to act on behalf of all Trustees of the Vacation Fund. The Trust Funds and their fiduciaries are together referred to herein as "ERISA Plaintiffs" or "Plaintiffs."

2. The Heavy and Highway Committee is a Trust established under the Labor Management Relations Act ("LMRA"), 302(c)(9), 29 U.S.C. § 186(c)(9).

3. Operating Engineers Local Union No. 3 of the International Union of Operating Engineers, AFL-CIO ("Union") is a labor organization as defined in § 2(5) of the National Labor Relations Act ("NLRA"), 29 U.S.C. § 152(5), and is represented by counsel herein for the limited purpose of collecting union dues owing as part of the subject contribution claims of Plaintiffs, and not for any other cause of action. The Union expressly reserves its rights to pursue any other cause of action on its own behalf.

4. Valverde Construction, Inc., a California Corporation ("Defendant") is an employer by

1 virtue of ERISA § 3(5), 29 U.S.C. § 1002(5), and NLRA § 2(2), 29 U.S.C. § 152(2).

2 Jurisdiction

3 5. Jurisdiction exists in this Court over the claims asserted by ERISA Plaintiffs by virtue of
4 ERISA § 502, 29 U.S.C. § 1132, in that Plaintiffs seek to enforce the provisions of ERISA and the terms
5 of their plans, seek to enjoin the acts and practices which violate ERISA, seek equitable relief to redress
6 such violations, and seek all other appropriate relief under ERISA.

7 6. Jurisdiction exists in this Court over all the claims by virtue of LMRA § 301, 29 U.S.C. §
8 185, in that Plaintiffs seek to enforce the terms and conditions of a valid Bargaining Agreement.

9 7. To the extent jurisdiction over any claim does not exist under ERISA or the LMRA,
10 supplemental jurisdiction exists in this Court over such claims by virtue of 29 U.S.C. § 1367 in that they
11 arise out of a common nucleus of operative facts that form the basis of the federal claims asserted
12 herein, each of which has a substantial ground in federal jurisdiction.

13 Venue

14 8. Venue is conferred upon this Court by ERISA § 502, 29 U.S.C. § 1132. Where an action
15 is brought under ERISA § 502 in a district court of the United States, it may be brought at Plaintiffs'
16 discretion, in the district where the plan is administered, where the breach took place, or where a
17 defendant resides or may be found, and process may be served in any other district where a defendant
18 resides or may be found. ERISA Plaintiffs' Trust Funds are administered in this district at their principal
19 place of business in Alameda, California. Thus, jurisdiction and venue are properly grounded with this
20 Court.

21 9. Venue exists in this Court with respect to the claims under LMRA § 301(a), 29 U.S.C. §
22 185, as this Court has jurisdiction over the parties, as the Union maintains its principal place of business
23 in this district, its duly authorized officers or agents are engaged in representing employee members in
24 this district, and the claims arise in this district.

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Intradistrict Assignment

10. The basis for assignment of this action to this Court's Oakland Division is that all of the events and omissions giving rise to Plaintiffs' claims occurred in the County of Alameda, where ERISA Plaintiffs' Funds and the Bargained Plans are administered, and where Defendant therefore failed to fulfill its statutory and contractual obligations to Plaintiffs.

Bargaining Agreements

11. On or about November 3, 1992, Joe A. Valverde, on behalf of Defendant Valverde Construction, Inc. entered into the Independent Northern California Construction Agreement (the "Independent Agreement") with the Union, which incorporates the Master Agreement ("Master Agreement") between the Union and the Associated General Contractors of California, Inc. The Independent Agreement and Master Agreement are collectively referred to hereinafter as the "Bargaining Agreements." The Bargaining Agreements, which incorporate the terms of the Trust Agreements establishing the Trust Funds ("Trust Agreements"), require Defendant to provide employer contributions to Plaintiffs' Trust Funds, to the Union for union dues, and to the other plans more fully described in the Bargaining Agreements. ERISA Plaintiffs are third-party beneficiaries of the Bargaining Agreements.

12. Under the terms of the Bargaining Agreements and Trust Agreements incorporated therein, Defendant is required to pay certain contributions to the Construction Industry Force Account; Contract Administration Fund; Job Placement Center and Market Area Committee Administration Market Preservation Fund; Operating Engineers Industry Stabilization Trust Fund; Basic Crafts Workers Compensation Trust Fund; and Business Development Trust Fund (including the California Alliance for Jobs) (together referred herein as "Bargained Plans"). Plaintiffs' Boards of Trustees are assigned under the Bargaining Agreements to receive and administer monies due to these Bargained Plans.

13. Under the Bargaining Agreements and Trust Agreements, which are incorporated into the Bargaining Agreements and made binding on Defendant, Defendant is required to regularly pay to ERISA Plaintiffs, the Bargained Plans, and the Union, certain sums of money, the amounts of which are determined by the hours worked by Defendant's employees. Contributions are due on the fifteenth

1 (15th) day of the month following the month in which hours were worked, and are considered
2 delinquent if not received by the twenty-fifth (25th) day of that month. Defendant is also required,
3 pursuant to the Bargaining and Trust Agreements, to pay liquidated damages in the amount of ten
4 percent (10%) for each delinquent contribution, but in the amount of twenty percent (20%) for each
5 delinquent contribution which is the subject of litigation. Moreover, the Bargaining and Trust
6 Agreements provide that interest accrues on delinquent contributions at the rates reasonably set by the
7 Trustees from the date they become delinquent, which is the twenty-sixth (26th) day of the month in
8 which payment was due, until paid in full.

9 14. The Bargaining Agreements and Trust Agreements further require Defendant to maintain
10 time records or time cards, and to permit an authorized Trust Fund representative to examine such
11 records of Defendant as are necessary to determine whether Defendant has made full payment of all
12 sums owed to ERISA Plaintiffs. Should an audit of Defendant's records reveal Defendant has failed to
13 provide full and prompt payment of all sums due to Plaintiffs, Defendant must reimburse Plaintiffs for
14 the amounts due, including audit fees, in addition to any other obligations pursuant to the Bargaining
15 and Trust Agreements.

16 Factual Allegations

17 15. Defendant has failed to report and pay contributions for hours worked by its employees
18 during the month of December 2018. Liquidated damages and interest have been incurred and are owed
19 to Plaintiffs on the unpaid contributions for December 2018, as well as on late-paid contributions for the
20 months of July 2015 through November 2018.

21 16. Plaintiffs are also entitled to recover any and all other contributions, and all liquidated
22 damages and interest on delinquent contributions not specified above, found due on timecards, audit, or
23 otherwise, including estimated contributions for any months Defendant fails to report to Plaintiffs,
24 through the time of Judgment. Plaintiffs reserve the right to conduct an audit to determine whether there
25 are any additional amounts due from Defendant.

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FIRST CAUSE OF ACTION
For Payment of Delinquent Contributions, Interest, Liquidated Damages,
Attorneys' Fees and Costs Against Defendant

17. Plaintiffs re-allege and incorporate by reference paragraphs 1 through 16, above.

18. Defendant has a contractual duty to timely pay the required contributions to Plaintiffs and the Bargained Plans, and to timely pay dues to the Union, pursuant to the Bargaining Agreements and Trust Agreements. Defendant also has a contractual duty under the Bargaining Agreements, and Trust Agreements to permit an audit of its records to determine whether it is making full and prompt payment of all sums required to be paid by them to Plaintiffs, and to pay Plaintiffs all amounts found due as a result of an audit, including audit fees.

19. In addition, Defendant has a statutory duty to timely make the required payments to Plaintiffs under ERISA § 515, 29 U.S.C. § 1145, and LMRA § 301(a).

20. By failing to make the required payments to Plaintiffs, Defendant breached the Bargaining Agreements and Trust Agreements and is in violation of ERISA § 515, 29 U.S.C. § 1145, and LMRA § 301(a).

21. Defendant's failure and refusal to pay the required contributions was at all times, and still is, willful. Defendant continues to breach the Bargaining Agreements, and incorporated Trust Agreements by failing to pay all amounts owed as alleged. Said refusal is unjustified and done with knowledge and intent.

22. ERISA Plaintiffs are without an adequate remedy at law and will suffer continuing and irreparable injury, loss and damage unless Defendant is ordered specifically to perform all obligations required on Defendant's part to be performed under ERISA, 29 U.S.C. §§ 1101-1381, the LMRA, 29 U.S.C. §§ 141-197, and the Bargaining Agreements and Trust Agreements, and are restrained from continuing to refuse to perform as required thereunder.

23. This Court is authorized to issue injunctive relief based on the traditional standard. As set forth above, ERISA Plaintiffs have a strong likelihood of success on the merits. There is the possibility that ERISA Plaintiffs' Trust Funds and their participants will suffer irreparable injuries. The balance of hardships and advancement of public interest favor ERISA Plaintiffs.

24. This Complaint does not in any manner relate to statutory withdrawal liability that may or

1 may not be assessed against Defendant. ERISA Plaintiffs expressly reserve the right to pursue any such
2 withdrawal liability claims against Defendant as provided by ERISA Plaintiffs' Plan Documents, Trust
3 Agreements, and the law.

4 Prayer

5 WHEREFORE, Plaintiffs pray as follows:

6 1. For a judgment against Defendant as follows:

7 (a) Any unpaid contributions, due at time of Judgment, including those specified
8 above as well as any other contributions determined as due by audit, timecards, or otherwise, including
9 estimated contributions for any months Defendant fails to report to Plaintiffs, pursuant to ERISA §
10 502(g)(2)(A), 29 U.S.C. § 1132(g)(2)(A);

11 i. To ERISA Plaintiffs and the Bargained Plans, in accordance with ERISA
12 § 502(g)(2)(A), 29 U.S.C. § 1132(g)(2)(A) and the Bargaining Agreements;

13 ii. To the Union in accordance with the Bargaining Agreements.

14 (b) Liquidated damages on all late-paid and unpaid contributions in an amount
15 provided for under the Bargaining Agreements and Trust Agreements, and with respect to ERISA
16 Plaintiffs, ERISA § 502(g)(2)(c), 29 U.S.C. § 1132(g)(2)(c).

17 (c) Interest on all late-paid and unpaid contributions at the rates set in accordance
18 with the Bargaining Agreements the Trust Agreements, and ERISA § 502(g)(2)(B), 29 U.S.C. §
19 1132(g)(2)(B).

20 2. Plaintiffs' reasonable attorneys' fees and costs of this action, including any audit fees, in
21 accordance with ERISA § 502(g)(2)(D) and (E), 29 U.S.C. § 1132(g)(2)(D) and (E); and in accordance
22 with the Bargaining Agreements for all Bargained Plans; and with LMRA § 301, 29 U.S.C. § 185, for all
23 Plaintiffs.

24 3. For an order,

25 (a) requiring that Defendant comply with their obligations to Plaintiffs under the
26 terms of the Bargaining Agreements and the Trust Agreements;

27 (b) enjoining Defendant from violating the terms of those documents and of ERISA;
28

1 and,

2 (c) enjoining Defendant from disposing of any assets until said terms have been
3 complied with, and from continuation or operation of Defendant's business until said terms have been
4 complied with.

5 4. That the Court retain jurisdiction of this case pending compliance with its orders.

6 5. For such other and further relief as the Court may deem just and proper.

7 DATED: February 5, 2019

SALTZMAN & JOHNSON LAW CORPORATION

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9 By: _____/S/

10 Matthew P. Minser

11 Attorneys for Operating Engineers' Health And
12 Welfare Trust Fund, et al.
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